

Township of Orangeville
Barry County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2008

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INDEPENDENT AUDITORS' REPORT

**Members of the Township Board
Township of Orangeville, Michigan**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Orangeville, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Orangeville, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly and in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Orangeville, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 16 through 18, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Orangeville, Michigan has not presented the management's discussion and analysis and Fire Equipment Fund budgetary comparison information that the Governmental Accounting Standards Board has determined are necessary to supplement, although not required to be part of the financial statements.

Siegfried Crandall P.C.

July 23, 2008



BASIC FINANCIAL STATEMENTS

Township of Orangeville
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 844,324
Receivables, net	<u>157,259</u>
Total current assets	<u>1,001,583</u>
Noncurrent assets:	
Receivables, noncurrent	433,779
Capital assets not being depreciated - land	45,367
Capital assets, net of accumulated depreciation	<u>1,711,025</u>
Total noncurrent assets	<u>2,190,171</u>
Total assets	<u>3,191,754</u>
LIABILITIES	
Current liabilities:	
Payables	52,447
Current maturities of long-term debt	<u>51,653</u>
Total current liabilities	104,100
Noncurrent liabilities - long-term debt	<u>946,030</u>
Total liabilities	<u>1,050,130</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,203,709
Restricted for highways and streets	165,097
Restricted for debt service	54,165
Unrestricted	<u>718,653</u>
Total net assets	<u>\$ 2,141,624</u>

See notes to financial statements

Township of Orangeville
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program revenues Charges for services</u>	<u>Net (expenses) revenues and changes in net assets</u>
Governmental activities:			
Legislative	\$ 4,053	\$ -	\$ (4,053)
General government	190,617	6,059	(184,558)
Public safety	106,661	-	(106,661)
Public works	213,288	80,278	(133,010)
Health and welfare	6,000	-	(6,000)
Community and economic development	6,000	-	(6,000)
Culture and recreation	530	-	(530)
Interest on long-term debt	<u>37,008</u>	<u>26,398</u>	<u>(10,610)</u>
Total governmental activities	<u>\$ 564,157</u>	<u>\$ 112,735</u>	<u>(451,422)</u>
General revenues:			
Taxes			312,424
State grants			231,112
Investment income			15,890
Gain on sale of assets			<u>8,750</u>
Total general revenues			<u>568,176</u>
Change in net assets			116,754
Net assets - beginning			<u>2,024,870</u>
Net assets - ending			<u>\$ 2,141,624</u>

See notes to financial statements

Township of Orangeville
BALANCE SHEET - governmental funds
 March 31, 2008

	<u>General</u>	<u>Fawn Lake Extension</u>	<u>Streets Extra Voted</u>
ASSETS			
Cash	\$ 645,093	\$ 34,784	\$ 148,082
Receivables	<u>109,642</u>	<u>464,381</u>	<u>17,015</u>
Total assets	<u>\$ 754,735</u>	<u>\$ 499,165</u>	<u>\$ 165,097</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 44,963	\$ -	\$ -
Deferred revenue	<u>53,887</u>	<u>416,330</u>	<u>-</u>
Total liabilities	98,850	416,330	-
Fund balances - unreserved, undesignated	<u>655,885</u>	<u>82,835</u>	<u>165,097</u>
Total liabilities and fund balances	<u>\$ 754,735</u>	<u>\$ 499,165</u>	<u>\$ 165,097</u>

Total fund balances - total governmental funds

Amounts reported for *governmental activities* in the statement of net assets (page 4) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Certain assets are not available financial resources in the current period and, therefore, are reported as deferred revenue in the funds.

Accrued interest on long-term debt

Long-term liabilities, including contract and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<i><u>Fire Equipment</u></i>	<i><u>Total governmental funds</u></i>
\$ 16,365	\$ 844,324
<u>-</u>	<u>591,038</u>
<u>\$ 16,365</u>	<u>\$ 1,435,362</u>
\$ -	\$ 44,963
<u>-</u>	<u>470,217</u>
-	515,180
<u>16,365</u>	<u>920,182</u>
<u>\$ 16,365</u>	<u>\$ 1,435,362</u>
	\$ 920,182
	1,756,392
	470,217
	(7,484)
	<u>(997,683)</u>
	<u>\$ 2,141,624</u>

See notes to financial statements

Township of Orangeville**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2008

	<u>General</u>	<u>Fawn Lake Extension</u>	<u>Streets Extra Voted</u>
REVENUES			
Taxes	\$ 141,171	\$ -	\$ 171,253
State grants	231,112	-	-
Charges for services	10,442	-	-
Interest and rentals	15,570	26,398	320
Other	23,617	61,741	-
	<u>421,912</u>	<u>88,139</u>	<u>171,573</u>
Total revenues			
	<u>421,912</u>	<u>88,139</u>	<u>171,573</u>
EXPENDITURES			
Legislative	4,053	-	-
General government	154,669	-	-
Public safety	75,951	-	-
Public works	83,984	144,775	159,370
Health and welfare	6,000	-	-
Community and economic development	6,000	-	-
Culture and recreation	530	-	-
Capital outlay	31,491	-	-
Debt service:			
Principal	31,371	20,000	-
Interest	17,989	19,444	-
	<u>412,038</u>	<u>184,219</u>	<u>159,370</u>
Total expenditures			
	<u>412,038</u>	<u>184,219</u>	<u>159,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,874</u>	<u>(96,080)</u>	<u>12,203</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(10,625)	-	-
	<u>(10,625)</u>	<u>-</u>	<u>-</u>
Total other sources (uses)			
	<u>(10,625)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(751)	(96,080)	12,203
FUND BALANCES - BEGINNING	<u>656,636</u>	<u>178,915</u>	<u>152,894</u>
FUND BALANCES - ENDING	<u>\$ 655,885</u>	<u>\$ 82,835</u>	<u>\$ 165,097</u>

<u>Fire Equipment</u>	<u>Total governmental funds</u>
\$ -	\$ 312,424
-	231,112
-	10,442
-	42,288
-	85,358
-	681,624
-	4,053
-	154,669
-	75,951
-	388,129
-	6,000
-	6,000
-	530
119,000	150,491
-	51,371
-	37,433
119,000	874,627
(119,000)	(193,003)
10,625	10,625
-	(10,625)
10,625	-
(108,375)	(193,003)
124,740	1,113,185
<u>\$ 16,365</u>	<u>\$ 920,182</u>

See notes to financial statements

Township of Orangeville

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2008

	<i>Total governmental funds</i>
	<hr/>
Net change in fund balances - total governmental funds	\$ (193,003)
Amounts reported for <i>governmental activities</i> in the statement of activities (Page 5) are different because:	
Capital assets:	
Capital outlay	366,769
Provision for depreciation	(108,095)
Long-term debt - principal repayments	51,371
Change in other assets/liabilities:	
Decrease in interest payable	425
Increase in deferred revenue	<hr/> (713)
Change in net assets of <i>governmental activities</i>	<hr/> <hr/> \$ 116,754

See notes to financial statements

Township of Orangeville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Orangeville, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Orangeville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Equipment Fund accounts for purchase of fire equipment; revenue is derived from transfers in from the General Fund.

The Streets Extra Voted Fund accounts for the financial resources used for the operational costs of the Township street functions. Revenues are primarily derived from property taxes.

The Fawn Lake Extension Fund accounts for the financial resources accumulated for the construction of a sewer line extension, and, for financial resources accumulated for the repayment of a related contract payable to Barry County.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Township of Orangeville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iii) *Capital assets* (continued) -

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 15 years
Roads	5 - 30 years

iv) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. As of the end of the current fiscal year, deferred revenue consisted solely of special assessments not available to liquidate current liabilities.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31, of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - CASH:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2008, the Township had deposits with a carrying amount of \$844,324.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, \$589,959 of the Township's bank balances of \$852,325 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Orangeville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assess- ments</i>	<i>Interest</i>	<i>Inter- govern- mental</i>	<i>Total</i>
General	\$ 14,100	\$ 59,861	\$ -	\$ 35,681	\$ 109,642
Fawn Lake Extension	-	419,041	10,279	35,061	464,381
Streets Extra Voted	17,015	-	-	-	17,015
Totals	<u>\$ 31,115</u>	<u>\$ 478,902</u>	<u>\$ 10,279</u>	<u>\$ 70,742</u>	<u>\$ 591,038</u>
Non-current portion	<u>\$ -</u>	<u>\$ 433,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,779</u>

All receivables are considered fully collectible.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,172,919	\$ 17,776	\$ -	\$ 1,190,695
Equipment and vehicles	623,124	138,808	(91,484)	853,416
Roads	383,808	210,185	-	593,993
Subtotal	<u>2,179,851</u>	<u>366,769</u>	<u>(91,484)</u>	<u>2,638,104</u>
Less accumulated depreciation for:				
Buildings and improvements	(257,168)	(28,572)	-	(285,740)
Equipment and vehicles	(443,530)	(44,179)	91,484	(579,193)
Roads	(26,802)	(35,344)	-	(62,146)
Subtotal	<u>(727,500)</u>	<u>(108,095)</u>	<u>91,484</u>	<u>(927,079)</u>
Total capital assets being depreciated, net	1,452,351	258,674	-	1,711,025
Land	<u>45,367</u>	<u>-</u>	<u>-</u>	<u>45,367</u>
Governmental activities capital assets, net	<u>\$ 1,497,718</u>	<u>\$ 258,674</u>	<u>\$ -</u>	<u>\$ 1,756,392</u>

Township of Orangeville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 35,948
Public safety	36,803
Public works	<u>35,344</u>
Total governmental activities	<u>\$ 108,095</u>

NOTE 5 - PAYABLES:

Payables as of year end for the Township's individual funds are as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- govern- mental</u>	<u>Total</u>
General Fund	<u>\$ 32,273</u>	<u>\$ 11,758</u>	<u>\$ 932</u>	<u>\$ 44,963</u>

NOTE 6 - LONG-TERM DEBT:

Long-term debt at March 31, 2008 consisted of the following issues:

		<u>Due in one year</u>
\$637,000, 3.25% note payable, bank; due in semi-annual installments of \$24,680, including interest, through June 2020, plus a balloon payment of \$73,670 in June 2020. The note was issued to finance construction of a new township hall.	\$ 552,683	\$ 31,653
\$465,000 contract payable, Barry County, due in annual installments of \$20,000 to \$25,000 through April 2026, plus interest ranging between 4.125% to 4.400%. The contract was issued to finance a sewer line extension.	<u>445,000</u>	<u>20,000</u>
Total	<u>\$ 997,683</u>	<u>\$ 51,653</u>

Changes in long-term debt were as follows:

	<u>Beginning balance</u>	<u>Debt issued</u>	<u>Debt repayments</u>	<u>Ending balance</u>
\$637,000 note payable	\$ 584,054	\$ -	\$ (31,371)	\$ 552,683
\$465,000 contract payable	<u>465,000</u>	<u>-</u>	<u>(20,000)</u>	<u>445,000</u>
	<u>\$1,049,054</u>	<u>\$ -</u>	<u>\$ (51,371)</u>	<u>\$ 997,683</u>

Township of Orangeville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG-TERM DEBT (Continued):

All debt is secured by the full faith and credit of the Township. Debt requirements to maturity are as follows:

<i>Year ended</i> <u>March 31:</u>	<u><i>Governmental activities</i></u>	
	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2009	\$ 51,653	\$ 36,325
2010	57,690	34,464
2011	58,761	32,361
2012	59,867	30,225
2013	61,010	28,050
2014 - 2018	323,537	106,295
2019 - 2023	310,165	43,850
2024 - 2026	<u>75,000</u>	<u>6,550</u>
	<u>\$ 997,683</u>	<u>\$ 318,120</u>

NOTE 7 - INTERFUND TRANSFERS:

The General Fund transferred \$10,625 to the Fire Equipment Fund in order to set aside monies for a new fire truck.

NOTE 8 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 9% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$2,585 for the year ended March 31, 2008. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

Township of Orangeville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - JOINT VENTURES:

a) Ambulance service:

The Township participates in Wayland Area Emergency Medical Services, Inc. (WAEMS), to provide ambulance service to its residents. Each participating local unit of government appoints two members to the WAEMS board. Membership does not convey an equity interest in the organization. Total expenditures under this arrangement for the year ended March 31, 2008, was \$6,000.

b) Gun Lake Area Sewer Authority:

The Township and three other local units of government participate in the Gun Lake Sewer Authority (the Authority). The supervisor of each local unit serves on the board of the Authority. The Authority was created to maintain, administer, and manage a sewage disposal system for the benefit of the member municipalities. Membership does not convey an equity interest in the Authority. During the year ended March 31, 2008, the Township was not required to make a contribution to the Authority.

NOTE 11 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. Significant budget variations during the year ended March 31, 2008, were as follows:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	\$ 11,815	\$83,984	\$ (72,169)
	Capital outlay	24,875	31,491	(6,616)
	Transfers out:			
	Fire Equipment	-	10,625	(10,625)
Streets Extra Voted	Public works	148,246	159,370	(11,124)

The Township did not prepare a budget for the Fire Equipment Fund, as required by State law.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Orangeville
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 123,368	\$ 123,368	\$ 141,171	\$ 17,803
State grants	234,335	234,335	231,112	(3,223)
Charges for services	-	-	10,442	10,442
Interest and rentals	10,500	10,500	15,570	5,070
Other:				
Special assessments	7,658	7,658	11,723	4,065
Proceeds from sale of assets	-	-	8,750	8,750
Reimbursements and other	2,600	2,600	3,144	544
Total revenues	<u>378,461</u>	<u>378,461</u>	<u>421,912</u>	<u>43,451</u>
EXPENDITURES				
Legislative	<u>4,210</u>	<u>4,210</u>	<u>4,053</u>	<u>157</u>
General government:				
Supervisor	12,518	12,518	12,079	439
Election	8,520	8,520	4,394	4,126
Assessor	25,405	25,405	24,596	809
Clerk	18,053	18,053	17,666	387
Board of Review	1,280	1,280	1,173	107
Treasurer	17,167	17,167	17,025	142
Hall and grounds	30,840	30,840	27,855	2,985
Cemetery	13,220	13,220	13,448	(228)
Other	39,330	43,330	36,433	6,897
Total general government	<u>166,333</u>	<u>170,333</u>	<u>154,669</u>	<u>15,664</u>
Public safety - fire	<u>85,267</u>	<u>85,267</u>	<u>75,951</u>	<u>9,316</u>
Public works:				
Weed control	-	-	2,831	(2,831)
Street lights	2,500	2,500	2,544	(44)
Transfer station	9,315	9,315	9,349	(34)
Street projects	-	-	68,630	(68,630)
Other	-	-	630	(630)
Total public works	<u>11,815</u>	<u>11,815</u>	<u>83,984</u>	<u>(72,169)</u>

Township of Orangeville
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (continued)				
Health and welfare - ambulance	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Community and economic development	6,000	6,000	6,000	-
Culture and recreation - parks and recreation	815	815	530	285
Capital outlay	24,875	24,875	31,491	(6,616)
Debt service - principal	32,000	32,000	31,371	629
Debt service - interest	18,000	18,000	17,989	11
Total expenditures	355,315	359,315	412,038	(52,723)
EXCESS OF REVENUES OVER EXPENDITURES	23,146	19,146	9,874	(9,272)
OTHER FINANCING USES				
Transfer out - Fire Equipment Fund	-	-	(10,625)	(10,625)
NET CHANGE IN FUND BALANCES	23,146	19,146	(751)	(19,897)
FUND BALANCES - BEGINNING	609,508	609,508	656,636	47,128
FUND BALANCES - ENDING	<u>\$ 632,654</u>	<u>\$ 628,654</u>	<u>\$ 655,885</u>	<u>\$ 27,231</u>

Township of Orangeville**BUDGETARY COMPARISON SCHEDULE - Streets Extra Voted Fund**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 162,249	\$ 162,249	\$ 171,253	\$ 9,004
Interest	<u>-</u>	<u>-</u>	<u>320</u>	<u>320</u>
Total revenues	162,249	162,249	171,573	9,324
EXPENDITURES				
Public works - highways and streets	<u>148,246</u>	<u>148,246</u>	<u>159,370</u>	<u>(11,124)</u>
NET CHANGE IN FUND BALANCES	14,003	14,003	12,203	(1,800)
FUND BALANCES - BEGINNING	<u>152,894</u>	<u>152,894</u>	<u>152,894</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 166,897</u>	<u>\$ 166,897</u>	<u>\$ 165,097</u>	<u>\$ (1,800)</u>

July 23, 2008

To the Board of Trustees
Township of Orangeville

We have audited the financial statements of the governmental activities , each major fund, and the aggregate remaining fund information of the Township of Orangeville for the year ended March 31, 2008, and have issued our report thereon dated July 23, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Orangeville are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Orangeville during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



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The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Orangeville's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Orangeville as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Orangeville's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

- The process for obtaining the signature of the Treasurer on vendor checks does not require that the related invoices be attached for review by the Treasurer. Such a process allows for review for proper support, accuracy, completeness, and business purpose of vendor checks.
- Payroll processing of firefighters does not involve periodic review of calculations by the Fire Chief. From time to time, fire pay should be compared to underlying fire run data and applicable rates by someone other than the Fire Chief.
- Hourly payroll processing does not involve time cards or other structured documentation of hours worked and appropriate supervisor approval.
- Information regarding receipts, disbursements, interfund transfers, and resulting cash balances is not shared between the Clerk and Treasurer in a manner that assures that general ledger recoding errors are detected and corrected in a timely manner. This is a recurring comment.
- The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

Board of Trustees
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July 23, 2008

This communication is intended solely for the information and use of the Board of Trustees of the Township of Orangeville and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.